



**Sierra Vista City Council
Work Session Agenda
September 6, 2016**

1. Call to order – 3:00 p.m. in City Hall, Council Chambers, 1011 N. Coronado Drive, Sierra Vista, Arizona
2. Presentation and discussion:
 - A. Economic Development and Tourism Update
 - B. September 8, 2016 Council Meeting Agenda Items (agenda attached)
 - C. Presentation of Options for West Sierra Vista Partnership Program
 - D. Report on Recent Trips, Meetings and Future Meetings
 - E. Board and Commission Liaison Update
 - F. Future Discussion Items and Council Requests
3. Adjourn

City Council work sessions are informal meetings of the elected body designed to allow the Mayor and Council Members to prepare for upcoming regular meetings, have staff briefings on issues, and provide an opportunity for more detailed discussions amongst themselves. The meetings are limited by City Ordinance to 90 minutes; but with Council consensus may be extended by an additional hour. The meetings are set in accordance with the State Open Meeting Law and no discussion can take place on issues/topics that have not been posted on the agenda at least 24 hours in advance. The public is welcome to observe the meetings in person or on Cox Channel 12, but time is not reserved on work session agendas for public comment. The public may, however, address the City Council at their regular twice monthly meetings or share written views through the City website, www.SierraVistaAZ.gov.

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1. Call to order by Mayor Mueller at 3:00 p.m. in the City Hall, Council Chambers, 1011 N. Coronado Drive, Sierra Vista, Arizona.

Roll Call

Mayor Rick Mueller – present
Mayor Pro Tem Bob Blanchard – present
Council Member Alesia Ash – present
Council Member Gwen Calhoun – present
Council Member Rachel Gray – present
Council Member Hank Huisking – present
Council Member Craig Mount – present

Others Present:

Chuck Potucek, City Manager
Mary Jacobs, Assistant City Manager
Ron York, Fire Chief
Adam Thrasher, Police Chief
Sharon Flissar, Public Works Director
Victoria Yarbrough, Library and Leisure Services Director
Matt McLachlan, Community Development Director
Simone McFarland, Economic Development Manager
Judy Hector, PIO
Nathan Williams, City Attorney
Laura Wilson, Procurement Manager

Mayor Mueller welcomed back Mayor Pro Tem Blanchard and re-elected Council Members Calhoun and Gray.

2. Presentation and discussion:

A. Economic Development and Tourism Update

Economic Development Update: Ms. McFarland noted that the last presentation provided was three months ago and the City is not that far behind. She added that she would be reviewing what has been done, where the City is headed and any future Council input and action.

Retention Efforts – The program has been going on for nine months since November 2015 when Marcus Johnson was hired and it is going well and fully operational.

Ms. McFarland stated that since the program started there have been 18 Mayors' Visits. She then displayed a list of companies that have been visited and explained that the goal is to visit two per month. The Division is currently ahead of schedule and the selected businesses are a variety of retail and industrial because the goal is to get a good feel of who they all are. Some of the concerns seen are recruiting, criminal activity, which has been addressed with Police Chief Thrasher, annexation as well as City infrastructure, culverts and alleyways. The benefit has been getting to know the businesses and their products/services, which has allowed the City to partner them with the things that they need.

Ms. McFarland provided the Division's work with Teleperformance as an example. The call center's concerns were job fairs and hiring more people so the Division hooked them up with Arizona Work.

The Division has also talked about shopping locally efforts with Ace. This concern lead the Division to put out information on the internal news letter to increase shop local efforts. The Division has also talked about relationships and a greater product understanding.

Businesses of the Month – Council has recognized businesses once a month. The Division is about to hit its ninth one and there has been good feedback as it provides recognition, tells them that they are appreciated and that the City is glad that they are here and hope that they stay.

Council Member Ash asked about concerns brought up by the businesses, i.e., criminal activity. Ms. McFarland stated that most of that is vagrancy in the alleyways that has been reported to Police Chief Thrasher. The police officers patrol more often and according to the ante dolts told by the businesses there has been a decrease in vagrancy.

Business Walks – The Division has done quite a few walks and relied on the Chamber of Commerce to help out. They have been a terrific partner along with a number of volunteers that have been walking with staff for about three to four hours. They have talked to the businesses and have them fill out surveys to provide the City with more information. Based on what has been received back, marketing has been the biggest area of assistance needs that they require as well as access to low interest loans, grants and infrastructure assistance. Other issues talked about during the business visits were drainage, roads and parking lots.

Business training and labor force training have been the top issues of concern with 33 out of the 102 businesses indicating that they find keeping key employees a challenge. The Division is working on helping them with retention and making sure that their employees are happy.

Council Member Gray asked if it is a quality of life issue or various reasons. Ms. McFarland stated that it is quality of life as they are moving on and out of the area; but some of it is just training of those employees and work force skills – soft skills (showing up on time).

Council Member Calhoun asked about the ways that the City is involved in assisting. Ms. McFarland explained that when it comes to helping businesses determine marketing strategies or getting access to capital through loans, the City works with its partners like the Small Business Development Center.

The Division is applying for some grants from the Offices of Economic Adjustment (OEA) and once the City gets those grant funds, they can be used for that type of training, one on one and etc. The soft skills and finding employees that are qualified is tougher and part of what Cochise College is doing as they are working on some of that as the students come in and talk to them about things that they need to do. Arizona Work Force is working on some of those too and they will bring them in and work with them on their resume, presentation skills, interview skills, customer service skills and etc.

Council Member Mount asked about the businesses with issues on finding and keeping employees. Ms. McFarland stated that it is the whole gambit. The Division has gone to small businesses from the front gate of Fort Huachuca, some of Wilcox, both sides of Fry Boulevard and part of Highway 92; but there are still more to do.

Council Member Mount stated that he agrees with Council Member Calhoun, specifically on what the City's capacity/capability is to identify a variety of job skills and the qualifications needed to develop any sort of training. He then asked about the specifics that the Division is providing to Small Business Development Center (SBDC). Ms. McFarland stated that the Division is sending the businesses to the SBDC because they focus on the business owner and they provide skills on a one-on-one training. They will help them through the process and hook them up with other partners.

Ms. McFarland stated that she wants to set up a system through the OEA Grant where the City has webinars, workshops, and one-on-one so that people can come in and specifically ask for assistance. The City would partner with SBDC and Arizona Work.

Arizona Commerce Authority (ACA) was asked to submit the grant to OEA along with the City. ACA was not only moving quickly; but they indicated that they would apply for the grant and that the City would have to compete for a portion of it. The City's understanding was that the City would apply for the necessary needs of the City; therefore, the City went directly to OEA and asked if the City could qualify on its own for a diversification. OEA stated that they believed so and requested the numbers to prove that it looked good. The Division then decided to move forward with the grant process and not go through ACA, which enables the City to apply for the grant specifically for the City and what is wanted. The programs being put into that grant application are to do things where the City can bring businesses in and offer those things directly. The money will be used for workshops, buy a system to do internet webinars and collaborative talking with people all around the country. The City will also work with the SBDC, Arizona Work and some of the other partners to look at what they are offering and where the gaps are.

Council Member Gray stated that it sound likes the City is not going to go in and fix all the problems for the businesses; but that the City will facilitate partnerships between the businesses and the things that are already being done to help those grow and improve, which makes it a better place for the City. Ms. McFarland noted that the City will offer the services and whether or not the business partakes will be up to the business and hopefully they will because it will be worth it.

Council Member Mount stated that he likes that analogy and asked if the City is going to stand up its own discrete programs away from any partners where the City will offer businesses some sort of specific training with no partnerships. He also asked if the City is partnering with the local infrastructure that is already there to do this. Ms. McFarland explained that in the grant funds, the City will be specifically be asking for monies to set up a program that will also work with existing partners and it won't be a silo. The City does not want to duplicate anything that is already being done; but it will be a City program through the OEA funds and all of that is predicated on the City receiving those funds.

Council Member Mount asked again if the City is going to set up its own discrete program that at times will not touch any partners. Ms. McFarland stated that it could and added that she could not provide specifics because the program has not been laid out. The City is currently asking for the funds. The intention is that the City will do everything in partnership with other people; but there may be something where the City wants to do some type of program, offer some type of service that is not being currently offered and the City will not need a partner and do it on its own.

Council Member Mount asked if the City has to have details in order to ask for the funds. Ms. McFarland stated that an outline framework is required of what the City wants and all of the details are not required.

Council Member Huisking asked if the grant is annual. Ms. McFarland stated that the City has asked for approximately \$250,000 a year for two years, a total of \$500,000.

Council Member Calhoun asked if she would be correct in assuming that this is not unusual for communities to do this. Ms. McFarland stated that she is correct. Communities do this all of the time as economic development happens all of the time.

Ms. McFarland reported that 38 of the firms surveyed indicated that they were hiring in the future, which staff thought was good because it was higher than predicted.

Council Member Gray asked if that was about a third. Ms. McFarland stated that it is 138 businesses, about a fourth.

Ombudsman Activities – As of July 1st a system was put in place to track what is being done. The Division will continue to report these numbers, especially in the retention area and will continue working on the numbers on the attraction side. The Division feels confident that the retention numbers are good. A lot of the work being done is actually referring people to other areas, reaching out, talking to them and telling them about things that are already in place, i.e., SBDC and Work Force Chamber Programs.

Ms. McFarland stated that the City has helped the Chamber to increase their membership with the walks.

Initiatives:

- Cyber

The U of A South will be making a presentation to Council on their Cyber Program in the future. They are setting up and their classes are full. It is the first time that they have taught the Cyber Program, which tells the City that there is a demand for it.

The Division has been working with the Defense Research Institute, which is out of U of A in Tucson. They have indicated that they want to be involved with the City with some type of research in the cyber area. They are looking at research and joining with the Fort, EPG and UAS; but it is not yet known what that relationship is going to be like. The City will definitely be involved as they have made a commitment to the City.

The Division has talked about bringing in the Mesa Cyber Range down to the City; but with the standup at U of A, the City may not need that range. U of A may be doing something very similar to what the Range is doing. The Division is in the process of looking at whether they want to move the Mesa Cyber Range to the City or if the U of A and their existing programs may be used as well as Cochise College. The decision by the Advisory Group, White Hats Group, was to wait and let the program stand up a little more at U of A to see how that looks and then see if there is a hole that could be filled with the Mesa Cyber Range. One of the reasons for that decision was because the Mesa Cyber Range asked the City to pay for some of their rent.

- SV Leadership Forum-ED Advisory Group, The Division meets quarterly with the ED Advisory Group, which is the Sierra Vista Leadership Forum. Things that have come out of that:
 - o Discussion on getting millennials involved, which caused the Sierra Vista Millennial Group to be set up. The Group has met three times and it is starting to take off. There is a face book page and up to 106 likes. The group is getting some momentum and events are being set up, i.e., Game Night.

Ms. McFarland stated that the idea is to let the group take charge and ownership. Once they get up and running, the Division can help them get involved in leadership activities. The biggest challenge since the group was put together has been the “helicopter parents” even though the people involved are in their 20’s. There are individuals coming in and telling them what to do and that is not what this group is about. The group is about determining how they go, where they go and what they do. Currently, they are still interacting, merging and figuring it out. They are excited about a Halloween trip/party.

Council Member Calhoun asked about the ultimate goal. Ms. McFarland stated that from the Leadership Forum’s perspective it is building leaders so that the City has input from millennials as these are the people that will replace all of the individuals that want to retire. The goal may not align with what is happening with the millennial group right now; but the City cannot determine for them where they go. They have been guided and some leaders are starting to emerge.

Council Member Gray stated that she sees relationships building as they go forward in their careers and they seem to be gelling very well.

Council Member Mount stated that he likes the idea and the benefit for Council will be the feedback from a group that was under represented in the past. He then asked if there is any way to get data before going into the next Strategic Plan as Council’s ultimate goal is to approve a budget so that the City can resource the City’s staff. The only way to make that equitable is to have people who are providing the input and if that is a demographic that is already showing, Council should be getting that information. Ms. McFarland stated that she would like to see sessions with them in the future to ask for their opinions. The Division will work with them to get them ready before the next budget cycle so that they can provide Council with feedback.

Council Member Mount stated that the same applies to the leadership program. Ms. McFarland stated that anyone is welcomed to assist those forums.

Council Member Mount asked if there is data being recorded. Ms. McFarland stated that there are notes and if there is something specific that Council wants to be brought up at the forum, it is more than welcomed. The big things that have come out of those meetings are the three subgroups:

- Millennial involvement;
- West End; and
- Events.

The idea was that this would be an advisory committee to advise the City on economic development and out of that the Division would flow the working groups. This is the way that it was structured to move forward; but at the same time, they are providing input.

Council Member Mount noted that none of the Council Members picked anyone to be on the advisory group and ultimately Council makes policy. He also asked how Council could get informed. Ms. McFarland stated that she can start sending all of the notes to Council after the meetings.

- West End Program has only met once and it needs more momentum and direction.

The first time that they met there was discussion about events in the west end that rolled into the events group. The Division proposed that they look at the proposed improvements for the west end and that they get involved.

Council Member Calhoun stated that the West End Commission is very involved with what is going on in the west end and that might be a connection for that group to meet with the Commission. Ms. McFarland stated that one of her concerns is duplicating and if this group can roll into the West End Commission then it is what should occur.

Mayor Pro Tem Blanchard asked about the boundaries of the west end. Mr. Potucek stated that it cuts off at 7th Street and Golf Links to the south.

Mayor Pro Tem Blanchard asked if it has been looked at to take everything west of 7th Street instead of cutting it off at Golf Links. Mr. Potucek stated that the question has come up before; but it has not been expanded because the area to the south was developed later and is relatively newer than the area where it was cut off.

- Events Working Group came out of frustration on Ms. McFarland's part from people coming to her all of the time and stating that they need more events in the City.

The Division put a group together that works on events. The group met twice as a larger group and they decided that they would start a group that would work with promoters and specifically try to recruit new events to Sierra Vista that were professionally developed. The second group would look at current events to tag on additional things to happen during those events to make a weekday event in order to fill up hotels.

Council Member Mount asked about the types of events. Ms. McFarland stated that it is mostly the larger events, i.e., Oktoberfest and things that the Fort put on.

The Expansion Group is meeting in a couple of weeks to look at the four largest events that occur in the City to discuss what can be tagged to it and hopefully they will not overachieve.

Council Member Mount asked about their goal. Ms. McFarland stated that the goal of the Expansion Group is to increase the overnight stays as it is all tourism related. The other side would be putting packages together that will go directly to the promoters to ask them to come in and do professionally organized events.

Council Member Calhoun asked how a private group that wants to hold an event is handled. Ms. McFarland stated that Economic Development will be the marketing lead and once there is an event, it will be turned over to Ms. Yarbrough to go through her system.

Council Member Mount stated that he is glad that this is being done and asked if the Division is using any sort of business development software. Ms. McFarland stated that they have just

begun with a list of what promoters are going to want. Currently they are putting the marketing items together and once that is together then there will be a push back out. The Division is testing with a promoter that was willing to look at the materials and relay what is missing and providing input.

Council Member Mount recommended the Division get with the Defense Contractors and have their staff come in and assist in putting together a business development pipeline in order to go out and capture, attract and close on businesses coming in to increase in that effect. There are people locally that do it professionally.

- Defense Contractors are meeting on September 15th to discuss workforce development from Work. The U of A will provide an overview on cyber and the new Garrison Commander will be in attendance.

In response to Council Members Gray and Calhoun, Ms. McFarland stated that the focus will be Defense Contractors and their needs.

- OEA Grant

Ms. McFarland stated that the City is applying for the grant on its own. The grant application is a request for a \$100,000 to do a study on the airport as there are a lot of opportunities. As part of that study, the City will be working with the Fort to make sure that the City is in line with them.

Council Member Gray asked if it will include things that are not air and flying-related, i.e., events at the airport. Ms. McFarland stated that it could have that included; but the focus will be more on economic development to build up the airport. It has to be aviation related and events are not; but any type of company coming in would have to be aviation related.

Council Member Gray asked if that is law or City policy. Ms. Jacobs stated that it is part of the Fort's deed restriction.

Council Member Mount asked why money is being spent on a study for the airport instead of talking to the Airport Commission and the Fort as they have people that have been dealing with this for decades. Ms. McFarland stated that the Airport Commissioners are experts on the airport and the things that are currently there; but she believes that the City needs to do something that is focused on economic development and the attraction. The Commissioners are not experts in that and their input would be sought as part of the study. The City needs to look at business, market, opportunities, cyber arena, the Fort on the military side and how to combine these to grow the airport. An entire study can be done where the match is only 10 percent.

Council Member Mount stated that it is a good suggestion and asked where the idea came from. Ms. McFarland stated that the idea has grown out of the strategy through the economic development phase. The opportunities are looked at as well as studied to make sure that they are on the right track and to see if there are opportunities that can be achieved.

Council Member Mount asked about the idea to look at a blend of cyber and aviation. Ms. McFarland stated that the specific idea is the natural movement from where the City is at in cyber and it may not be that there is anything; but it is worth a look if the City is going to become a cyber hub and cluster to grow it and integrate it into what is already in the City, the EPG, UAS and etc. to leverage them all.

Council Member Gray asked if this is being looked at from the civilian side and not from the Defense side. She also asked if the City can possibly get some economic development out of the airport. Ms. McFarland stated that it is about diversifying. The grant is for diversification and not to build up the military.

Council Member Mount stated that he wants to be clear because when a Division shows up and states that they want \$100,000 for a grant and they have an idea for a study, as a military person, he understands Defense contracting and cyber; but he would like to know where the ideas are coming from because there is so much input coming in and Council is being asked to make a policy decision down the line. He added that his biggest fear is a conflict of interest and that is why he would like to know where the genesis of that idea came from and it is a fair question so that someone is not benefitting over somebody else because of something. Ms. McFarland stated that it was her idea to have a study.

Council Member Ash stated that she likes the idea of doing the study. The money is always a concern and as this gets further down the pipe, it would be great to hear more about that and the matching side that has to be paid. She added that she gets a lot of feedback from people that know the airport better than she does. There are a lot of opportunities or could be for economic development that either have not been discovered yet or pursued fully to reap benefits from it. She noted that this is a great idea and those types of opportunities seem very clearly within Ms. McFarland's role as the Economic Development Manager.

Ms. McFarland stated that the match is 10 to 90 percent with the City putting in 10 percent.

Council Member Calhoun asked if the study would look at how these different things mentioned gel together and also asked if there is any room in the study that would open the door for something other than the things mentioned; but still in some relation to airports. Ms. McFarland stated that the study is to look at all possibilities and to figure out the best opportunities.

Council Member Gray asked if it is a feasibility study on how likely the City is to get things at the airport. Ms. McFarland stated that she is correct and as part of that there is hope for background for a strategy to move forward.

City Manager Charles Potucek stated that he has discussed this with Ms. McFarland and added that the Mayor and he took a trip to DC in February to discuss the number of potential opportunities. There is a lot going on at Fort Huachuca in the various areas to include EPG, UAS, JETSI and etc. They are all there and the idea is that a lot of these are working towards integrated solutions in the electronic warfare environment. The study would also help the City determine opportunities at the airport that it may not uncover on its own and to look beyond just what is going on now; but what may be coming in the future.

- Lead Development

Ms. McFarland stated that scheduled for this year is the City's lead development and telling people who is Sierra Vista and why they should be in Sierra Vista. The process has been started and a consultant has been hired to help the City get articles in magazines.

The consultant has started working for the City and have set up interviews with the Phoenix Journal as well as some meet and greets.

Tech Connect states that there was a cyber security issue that was put out by the AZ Tech Council and it was about two pages long on Sierra Vista as to what is being done and how they are working together.

Ms. McFarland stated that the National Association of Industrial and Office Properties (NAIOP) holds a national convention, which she plans on attending to speak to brokers and developers.

The Welcome Committee is lead by the hospital and the focus and the goal is to keep people here and recruit people. The idea is to link people with similar interests, family situations and enable them to stay and keep the retention in the City.

Innovation Frontier Southwest is a group that consists of four nodes, Las Cruces, Tucson, Sierra Vista and Yuma. A grant has been applied for with the idea to market together due to commonalities, i.e., military organizations, testing in the different areas and the opportunity.

Ms. McFarland stated that she is currently working with the group on developing marketing pieces that will be handed out at different events. She is looking at a familiarization tour for some people that may be recruited into the area.

- Partnerships

There have been eight Good Morning Sierra Vista and it is starting to gain momentum. Congresswoman Martha McSally will be the next speaker. There are people calling the Chamber and asking for time slots, which indicates that there is a demand for it.

Council Member Gray stated that she has received positive feedback and it is great for the business people since it is the first thing in the morning. It makes them feel like they have awareness of what is going on.

Council Member Huisking made the comment that a business person told her that this does the best job of communicating what is going on in Sierra Vista. Ms. McFarland stated that it is perfect because that was the goal.

The Neighborhood Assistance Corporation of America (NACA), a program to help first time home buyers that may not necessarily qualify for an FHA loan, held an event last month in Sierra Vista.

Mayor Mueller stated that it is a great way to help a quality employee that is struggling and thinking about leaving the community.

Council Member Gray stated that she was asked about it by 16 individuals. She added that she likes that it helps people help themselves because it is not just giving, there is some work that has to be done and it teaches good habits. Ms. McFarland stated that it is a good program and there are other programs like it in the City.

Council Member Calhoun asked if there are more being planned. Ms. McFarland stated that NACA has indicated that they would open an office in the City if there was enough demand. Mr. Johnson will follow-up as the goal is for them to open up an office in the City.

Council Member Calhoun stated that Council could get the word out about what they do.

- Rapid Response Workforce Assistance (may not fall in economic development but is important)

The Division has been working with Arizona Work in placing Hastings' employees. Mr. Johnson has been very instrumental and 23 of the 25 people that worked at Hastings were matched. Some were matched through the job walks, as the Division became aware that Dillards, Game Stop, Payless Shoes and Ross were all hiring.

- Losses - The King's Court developer has pulled out because they were unable to make their numbers match. The gap in what they thought that they could bring in as far as revenue is concerned versus expenses was too large. The escrow has been closed.
- Achievements

The Peacock Restaurant, Horned Toad, Broxton's Coffee and Leman Academy of Excellence are all open.

- Council Support of Achievements

Ms. McFarland thanked the Council for their support with regard to Economic Development as it has been instrumental.

Council Member Mount asked what the City did specifically for the Peacock Restaurant, Horned Toad, Broxton's Coffee and Leman Academy of Excellence. Ms. McFarland stated that with the Peacock, staff helped with the initial site selection, the LOI negotiation process by assisting both sides to make sure that the brokers were talking to each other and acted as an intermediate when it was needed. The Division also helped them with developing their plans, going through the plan check, hiring people, their opening and marketing.

The Division helped Horned Toad with the permitting process and being a liaison with Building and Safety, City and the owner. The Division also reached out to them to help them with hiring people through Arizona Work Force; but they indicated that they were going to hire in-house.

Broxton's Coffee was assisted by the Division acting as a liaison as part of Mr. Johnson's job is to be the ombudsman.

Leman Academy of Excellence came in at the last minute and they did not have their certificate of occupancy and they were opening in two days. The Division helped push that through with Mr. McLachlan's staff.

Council Member Calhoun asked if Leman Academy of Excellence hired locally. Ms. McFarland stated that she believes that some were local. Council Member Gray added that she is aware that some were hired locally because she knows some of the people that went there.

Ms. McFarland noted that the Division does not count an achievement unless the Division actually touches it. If it is on the list, it is something that the Division worked on.

- Metrics – Slides were presented of interactions in which the Economic Development Division had direct involvement.
- Future Efforts

Ms. McFarland stated that the City's efforts need to be consistent to identify opportunities, work with partners and to move initiatives forward. In closing, she quoted JC Penny, "Growth is never by mere chance; it is the result of forces working together."

Council Member Calhoun stated that the presentation was outstanding and voiced her appreciation on what is going on. She noted that the City is getting more than its money's worth with Ms. McFarland. She also asked how closely the City is working with the regional Economic Development Foundation. Ms. McFarland stated that she meets with them once a month to discuss what they are doing and what the City is doing and to look for nexuses between the two. They are working on a UAS Conference in Phoenix, which she plans to attend. The Division also makes sure that they are not duplicating.

Council Member Mount inquired if jobs created and retained are separated out as that was one of the issues with the Economic Development Foundation because a lot of what they were claiming as retained versus being created was not clear once the contract ended with them. Ms. McFarland explained that it is lumped together in the charts; but it can be broken out as it is broken out in the system.

Council Member Huisking noted that it was a great presentation and thanked Ms. McFarland.

Tourism Update: Ms. Hector updated Council on the visitor economy, on its importance and noted that the visitor economy across the nation is outpacing everything else. Spending is up 229 percent since 1980 and when pegged against the GDP, it is up 77 percent. It is a growing economic sector and it is Arizona's number one industry. It is greater than aerospace, agriculture, manufacturing and everything else that Arizona is doing to create business within the state.

Council Member Ash asked how much is attributed to the Grand Canyon. Ms. Hector stated that she can provide Council with visitor information broken out by county. Council Member Mount stated that \$433 Million was attributed in 2015 to local tourism spending on the Arizona Travel Impact by Legislative District for Sierra Vista. Mayor Mueller added that it means that it is comprised of Graham, Greenlee, Cochise and part of Santa Cruz and Sierra Vista is a smaller number than that.

Ms. Hector stated that tourism positively affects the quality of life as not only is it bringing outside dollars in the economy; they are also helping to promote some of the things that businesses look for when they are seeking out sites for their new locations, i.e., outdoor activities, nice downtown, great weather, shopping and those things that feed into quality of life.

The quality of life scores that are related specifically to outdoor activities and a vibrant downtown influence site selector decisions. Those are important things to keep in mind as the City moves forward with tourism, economic development and community development.

- Tourists

Ms. Hector stated that there are people that come to visit that are also potential business leads. Together Leisure and business travel bring prospects to the area and when it comes to event planning, it is important to have it done strategically because those are bringing those prospects.

The cultural assets will be influencing the site selector decisions. There is a wonderful culture in the City as it is warm, friendly and inviting. Site selectors are influenced by travel and 13 percent are influenced by leisure travel with 37 percent being influenced by business travel.

- Effective Marketing does require a destination. It is not a single business.

The City needs to be looking at Sierra Vista as a destination as well as Cochise County or regionally. A brand message needs to be articulated locally to motivate the consumers to come to Sierra Vista and spend money. Effective marketing requires scales that allow the Division to generate partnerships and to use those partnerships so that the City has a synergistic impact.

Ms. Hector presented a slide with many nonprofits, municipal partners and businesses that the City has been working with.

Tourism Marketing - The Marketing Program Strategy will be talking about demographics, market segments, media mix and some of the metrics that include awareness building/promotion as well as tax revenue generated historically through the program.

Demographics - The Division is targeting folks in their late 30's to mid 60's with an average household income of \$110,000 U.S. and \$50,000 Mexico. The demographics coincide with the Arizona Office of Tourism.

Ms. Hector provided a list of the home regions and pointed out that the demographics that are being targeted coincide with the Arizona Office of Tourism, Cochise County and other partners, i.e., Santa Cruz County, Tucson and nearby cities. It is not being looked at independently as a silo, it is a synergistic effort that all are putting forth to attract people to Arizona.

- Market Segments

The Division is targeting market segments that are also being targeted by other organizations and entities that bring back the synergistic approach of promoting Sierra Vista as a destination. The City is targeting bird/wildlife watching, which still a number one industry in the City. Bicycling is growing significantly across the country and particularly in Arizona because of the wonderful climate and year-round opportunities to cycle and train. Hiking is also taking off particularly locally because of the wonderful mountains and trails. The culinary destinations that include winery tourism are targeted as well along with the winter visitors from upper United States to come to this area and enjoy the temperate climate in the winter.

The Secondary target markets are auto/motorcycle touring, bringing folks in from Sonora, Mexico to go shopping, which is about 80 percent. The astronomers are also targeted to take advantage of the beautiful skies, wellness tourism and heritage.

Council Member Gray asked about heritage targeting. Ms. Hector stated that it is what they call history and for the City it is a secondary market because it is not a strong area for Sierra Vista – it is Tombstone's primary market.

- Media Mix allows the City to layer its messages so that the markets can be saturated to get different markets, which may not be possible if the City is specifically marketing in the True West.

The media mix includes print, both ads and collateral, i.e., racks and brochures. The City is doing a program by broadcasting on Pandora.

Council Member Ash asked if it was audio or an image. Ms. Hector explained that it is both and the target market is for Phoenix, Las Vegas and southern California.

The Division is doing online banner ads and key word searches as well as social media channels to include the Cochise County Tourism Council and the Office of Tourism along with a newsletter and out of home, called outdoor advertising. Most recently the Division has done the railcar wrap with the Phoenix Light rail that is getting Sierra Vista a lot of exposure in the Phoenix area. The Division is also working with networking, partnerships and public relation efforts by attending media events, working with travel writers and attending consumer and industry trade shows.

Council Member Huisking asked if Council will get to see the wrap on the bus. Ms. Hector provided a picture of the slide.

- Metrics

The Division is measuring awareness/promotion by the number of web site visits on the SierraVista.com site and by looking at the total Face Book reach on the City's visitor's site and total ad exposure with the media buys. Also measured is the number of contacts at the Visitor's Center and total distribution of the Adventure Guide.

The Division is looking at extended stay, hotel tax revenue for the return on investment as well as the restaurant/bar tax revenue.

Ms. Hector presented a slide with metrics for awareness/promotion that depicted it starting at \$5 Million up to \$10 Million in the past year. The City is on target with \$12 Million in the coming year; but it will vary depending on what the City has with its media hits, social media and some of the online banner ads.

Council Member Mount asked about the old rate for hotel and bar/restaurant tax because he believes that those are not touched. Ms. Hector stated that there was a change in the sales tax.

Council Member Mount explained that the retail part is the one that went up. Mr. Potucek stated that it is a mistake on the slide. Staff thought at the time that the City did touch the hotel and bar/restaurant tax. The slide should show the same rate.

Council Member Gray stated that it indicates that it is flat; but it has actually increased. Council Member Mount stated that it is wrong. The hotel totals would be \$759,000 because that was not touched and that multiplied against the bad rate during the fall, gives that inflated number. Council Member Gray noted that it is flat.

Council Member Mount explained that there is no return on investment due to the City's increased spending on marketing when things are flat or declined. He added that he is not against anything presented; but he is interested in the event draws as he has seen it first hand with the HOG Rally and the Color Run. There is work to do with educating the community that it is ok for a for-profit business to come into the City and put something on. It is on Council to make sure that the message is loud and clear because he knows that the Color Run people were scared off.

Council Member Mount asked if there is a way to figure out how much money is coming in off of those events that are actually bringing people in and noted that he would like for the City to go out and capture more of those events and dedicate more marketing dollars towards that versus some of the marketing dollars that are being used to advertise the City through the brand that is reflecting a flat return on investment. More resources need to be put towards event focused efforts, i.e. the HOG Rally, the Color Run, bikes, and etc. that will bring in more people into the community. He also added that he brought that up during the budget process.

Ms. Hector voiced her appreciation and stated that the HOG Rally, Southwest Wings and the Cowboy Poetry Gathering bring in people to the City who might not otherwise come and may want to come back. The City would need to hear from the hotels and restaurants in order to determine if those particular events are bringing people in its economic impact, specifically the number of people coming in for that event to track the hospitality tax.

Council Member Mount stated that SEHA has committed to tracking that kind of stuff as it was mentioned that it was one of the City's concerns. He added that if the City goes after those event and focuses marketing on those because they have people coming in, the City would see a complimentary effect. If it is slightly unbalanced, then it is off tilt because the City does not have the events coming in and maybe there is not enough capture going out to get them. The focus cannot be on that marketing to help broadcast the City; but that is a policy decision.

Council Member Gray stated that she does not disagree; however, she would like to make sure that the numbers are correct because according to Dr. Carrera, both hotel and restaurant are up. Mr. Potucek explained that in looking at last year's numbers, the City was up and it now shows that it has leveled back down. The City has some constraints in terms of events as a lot of the events have to occur at the park and the park is booked fairly solid. Staff will need policy guidance from Council because there are a lot of events that have been going on for years, i.e., Art in the Park that are paying full fees for the use of the park. The City is not seeing that with other events that are coming in where they want assistance in terms of fee waivers and this is something that he has been working with Ms. Yarbrough.

Council Member Gray asked which of the numbers are right. Mr. Potucek indicated that he is reasonably sure that the numbers on the bottom of the slide are accurate, \$795,341 in place of the \$857,956 and the same applies to the restaurant/bar.

Council Member Calhoun asked if SEHA represents all hotels. Mr. Potucek stated that the issue, in order to get the numbers that Council Member Mount is asking for, is that the City has to get that information from the specific hotels impacted otherwise; the City has to deal with the gross numbers as presented today. The State is starting to report on a more regular basis and the City can probably get a better feel now on how the State is reporting in terms of how events impact those numbers. The numbers can't be separated out by law and individual businesses.

Council Member Mount noted that some of this stuff will be common sense and statistics and provided an example referencing the HOG Rally.

City Manager Potucek stated that the bump seen from 13/14 to 14/15 was probably related to the hospital and all of the people that were involved.

Council Member Gray stated that she is not taking away from any of the work that is being done by the Division and she understands that a lot of the things being done take time in order

to see that return on investment; but it is important to look at patterns because those trends need to be known.

- Data – Slides were presented with figures for extended stay tax revenue, restaurant/bar tax revenue and occupancy.

Ms. Hector noted that the bump in 2014 is attributed to the hospital and there is an upward trend on the restaurant/bar tax revenue. The County data depicts that occupancy was bumped in 2014; however, Maricopa has the highest occupancy followed by Yavapai, State of Arizona and Pima.

Yavapai County is the highest with regard to what hotels charge on an average a daily rate per County followed by Maricopa, State of Arizona with Pima and Cochise being flat during the 2014 period. The average daily rate affects the amount of tax income.

Council Member Ash asked how the average daily rate is calculated. Ms. Hector stated that Smith Travel Group collects this data from half of the hotels in Sierra Vista. It is an optional reporting and many choose not to report. This is the data that the Division has to work with.

Ms. Hector provided a summary of activities:

- Attended a media mission In Vancouver where she met several media representatives in Canada. She does expect one or two journalists to come out and provide some press;
- Launched bike friendly business program that was announced at the Spot Light Breakfast with the Visitor's Center and two independent businesses registering;
- Final stages of mountain bike & trails map, a companion piece with the multiuse path map;
- Recruited the 2017 Arizona Sister Cities Conference; and
- Ad placement in Adventure Outdoors, El Impartial, AAA West ways, Phoenix Light rail wrap, Phoenix Magazine and others.

Council Member Calhoun asked if the Sister Cities from Mexico will be included. Ms. Hector stated that it is the Arizona Sister Cities Conference. Council Member Huisking stated that they are invited.

Focus for upcoming quarter includes:

- Media mission and consumer event in Mexico;
- Savor Sierra Vista marketing plan and event for 2017;
- Expand media focus on winter visitors, promotion of upcoming local events and launching ads in the Southwest markets;
- Development of new VisitSierraVista.com site that will follow the design with the Sierravistaaz.gov site that follows the economic development site; and
- Establish drip marketing process to follow-up on leads.

Council Member Ash asked if the City is working with the Chambers on the RSVP Program. Ms. Hector stated that the Chamber is taking the lead and the City is assisting and providing them with literature and media contacts.

Council Member Mount voiced his appreciation on the presentation and noted that the reason that he brought this up during the budget was because everything requires resourcing. He suggested that Council as part of the Strategic Plan rethink the way things are being done to bring people in who have never been in the City to show them what the City has. He also

added that a lot of the Fort's missions were bringing in good revenue when it came to tourism and Council should consider a new approach to its tourism spending and instead allocate some of those resources to the attraction of events to the City, which would in turn bring in more visitors. The City needs to come up with some innovative ways to get people into the City and then the City can maximize on that advertizing done for the City, showing people how great the town.

Council Member Huisking stated that she agrees with Council Member Mount, to an extent; the City has to let people know about it to begin with, and then figure out where it is on the map and how to get there. She added that she thinks that there is room for targeting both and it does have to be lopsided.

Council Member Calhoun stated that she agrees and added that staff's input is important as professionals in the field.

Mayor Mueller stated that the topic should be included on the agenda of the Council's annual strategic planning session.

B. September 8, 2016 Council Meeting Agenda Items (agenda attached)

Consent Agenda – no discussion

Item 3 Arizona Child Abduction Response Team IGA – Police Chief Thrasher stated that the intergovernmental is between the City and 26 other cities in Arizona and the Federal Bureau of Investigation regarding a child abduction response team.

A year ago there was a child reported missing in the City overnight for some time. The City was contacted by the Arizona CART that offered their services. The intergovernmental agreement would make Sierra Vista a member of the Arizona CART. The City's commitment would be to provide investigators at the City's discretion to go and help in the many missing children cases. These are man powered intensive and allows agencies to get a lot of special investigators to assist with cases during those times. The push has been to get a Southern Arizona Team and this is the beginning of that. Oro Valley has taken the lead for southern Arizona. This commits the City to help statewide if need be at the discretion of the Police Chief.

Mayor Mueller asked if specialized training/certification is needed for officers. Police Chief stated that there is and there are currently four that are currently certified. It is an online training that they go through and they also do periodic exercise. The next exercise scheduled in October in Oro Valley.

Council Member Gray asked if the Police Chief chooses the officers. Police Chief Thrasher stated that it is voluntary and specifically targeted for detectives. Currently there is a commander, lieutenant and two detectives that are a part of that team. The Department would also get others trained so that there is more flexibility, depending on who is available to go because when they go, they may go for a couple days up to a week.

Mayor Mueller asked if that is going to cost additional manpower. Police Chief stated that it is on the City's dime as each city picks up the cost for their investigators to do this and that is why it is at the discretion of the chiefs. The Chiefs decide how long the officers can be gone, especially when it comes to manpower; but it is typically reserved for the detectives and not patrol officers that would affect manpower on the street.

Council Member Calhoun asked if the agreement is with all of the cities at one time. Police Chief Thrasher stated that she is correct.

Council Member Gray noted that there are grant fund designations and asked if there is a possibility of getting reimbursed. Police Chief Thrasher stated that it is a provision; however, there are none at this moment and it would be at the City's expense.

Item 4 tasking for the CAC – Ms. Jacobs stated that during Council's last discussion the conclusion was that three tasks were to be undertaken. The first one was to review the non-statutory boards and commissions and have that tasked to the CAC. The CAC would evaluate the structure, whether or not it is effective encouraging citizen engagement and make recommendations to Council. Also they are to analyze the nomination process for the boards and commission members to determine if it is meeting the needs of Council and to review/update the board and commission handbook for more detailed information and instruction to help the appointed bodies be more successful.

The resolution would tackle the first task and the two remaining tasks would be given to staff to review the other pieces. This resolution tasks the CAC with the review of the nonstatutory boards and commissions and their tasking is clearly outlined. They would be recommending to Council by January 31st their conclusions regarding:

- Whether the mission/function of each appointed body should remain the same, modified or blended with another board and commission;
- Whether the nature of the work by each appointed body are sufficiently focused on policy so that they are supporting the Council; or
- Whether the body could be more beneficially utilized as a committee reporting to either the city manager or department director.

The tasking lists all of the commissions to be reviewed and if approved by Council, the CAC would immediately be convened with appropriate staff support provided to them between now and the end of January.

Council Member Huisking asked if the information would be provided to the boards and commissions. Ms. Jacobs stated that they would be alerted and they will also be involved whether it is through an electronic survey or etc.

Council Member Gray stated that she feels strongly about this and does not believe that the CAC should be doing this tasking. This is a Council tasking that needs to be done with either a subcommittee or all of the Council Members in a work session, interviewing and getting the information from the commission members. She also stated that she has a true problem with citizens evaluating commissions and what their tasks are and how they are affecting Council.

Mayor Mueller stated that this was discussed several times and the last time Council met, it was the consensus of Council to do it this way. The opportunity will be available at the Council Meeting to amend the resolution. Council could sit and talk about this; but it has taken too many months already to try and resolve this one issue.

Council Member Calhoun stated that although she put this forward, she too agrees that Council should have a voice in this. Once all of the information has come in, Council has the opportunity to accept it or not. Ms. Jacobs has put a lot of time into this and if Council had originally agreed to work on this, they could have come to a decision. It covers everything that Council would have needed as well as the outline.

Council Member Mount stated that his concern is that Council is going to shirk under the pressure of abiding by the CAC's decisions, especially if they recommend eliminating a couple of the commissions that Council Members have ties to. He also added that he agrees with Council Member Gray and he does not want to waste people's time if Council can't bear CAC's recommendation.

Council Member Calhoun stated that she thought this from the beginning and this goes true for everything – it is a recommendation. However, should folks on the CAC look through the resolution and recognize that they are making recommendations that may or may not be accepted, they can make that decision whether they feel that they are wasting their time and decide not to be a part of it.

Council Member Gray stated that by the same token, if the CAC comes back and says that they need no changes whatsoever, then it is the consensus of Council that changes are needed. It goes both ways and that is a true concern for her.

Council Member Huisking stated that the commissions on which she serves as a liaison are changing and they are recognizing that there are some changes that have to be made. It is a two way streak.

Council Member Calhoun stated that she hopes that the boards and commissions have sufficient opportunity to speak to the CAC, which she believes the CAC would take into consideration as they make their decisions.

Items 5, 6, 8, 9 and 10 are appointments and there was no discussion.

Item 7 West End Commission appointments - Council Member Calhoun stated that there are two vacancies and three applications. She has attended West End Commission Meetings fairly regularly and what she is seeing is that there are business owners and citizens that all live on the west end and if they do not live on the west end, they have a strong attachment to the west end.

Council Member Calhoun stated that she has discussed with some of the West End Commissioners what they see as important to the west end and that is a balance of business owners and residents. She recommended that the two business owners, Danielle Sheppard and Pamela Anderson be appointed. Ms. Ginsburg has been very involved and is a resident and would become an associate member.

Council Member Mount asked why Council is deciding this and not the West End Commission internally. Council Member Calhoun explained that the Commission chooses not to make that decision. Mayor Mueller added that they did not make a recommendation.

Council Member Huisking asked if they will be able to attend the meetings as they are business owners. Council Member Calhoun stated that the indication is yes.

Council Member Mount asked if two are to be appointed and the other then becomes an associate member. Council Member Calhoun stated that he is correct.

Council Member Calhoun stated that the applications are attached, which is all Council has to go by as she is trying not to do this because she knows people. She thinks it is best for the

Commission and with all of the things going on related to businesses, particularly Fry Boulevard, west end business owners are best and being recommended.

Mayor Mueller asked if there is a consensus of Council to put Pamela Anderson and Danielle Shepherd as the nominees. There was a consensus.

In response to Council Member Gray, Mayor Mueller stated that this is rare; but it has occurred.

Council Member Calhoun asked about the CAC appointment. Mayor Mueller stated that Bernie Stalman would represent Council Member Huisking because Ken Cecil has moved away.

Council Member Calhoun noted that this would be a topic for the handbook.

Council Member Calhoun asked about Dennis Dezellan. Mayor Mueller noted that an application is included in the packet and she is welcomed to give him a call if she feels the need to do that.

Council Member Calhoun asked about the term limits for the MPC. Mayor Mueller stated that it is a three-year term. Mr. Potucek stated that the MPC issues the municipal property corporation bonds and the City currently has two outstanding. There are no plans to issue bonds currently for the remainder of this term. They meet once a year to discuss the status of the bonds that are outstanding.

C. Presentation of Options for West Sierra Vista Partnership Program

Mr. McLachlan stated that the presentation will walk Council through a proposal, program background and objectives on what has been termed the West Sierra Vista Partnership Program. Also talked about will be the Division's recommended funding considerations and grant requirements, laying out the left and right limits of the program, the delineated eligibility area where the grant funds would be targeted as well as options for the program administration based on the City Attorney's comments on the subject.

The information being conveyed to Council is a recommendation as staff is interested in hearing Council's input and guidance on the various aspects of the proposal.

Found during the review was a common thread that binds together the importance of the west end as a community focal point and the need for serious reinvestment to improve upon its image and vitality. The Downtown Neighborhood Commission, the forerunner to the West End Commission, envisioned a storefront improvement program back in 1998. What ensued was the revolving loan program administered by the EDF, which has not funded many projects over the years that brings the City to today in a new initiative to incentivize the occupation and improvement of existing commercial buildings.

The focus of the program is to bring the existing older buildings stock up to standard and making storefronts and the streetscape more appealing and inviting. This can be accomplished in a number of ways. What will be looked for in the application is the economic impact of a project in terms of private investment, how it transforms in a physical and aesthetic character of the space, whether a new use is being introduced that will add a different dimension to the business district and any associated job creation including the use of local contractors that are going to be putting money back into the economy and other tangible benefits.

The focus on grant requirements is aimed at commercial projects in the target area and the boundaries. In the interest of efficiency, the Division is proposing that the application be considered on a first come first serve basis rather than holding them for prescribed application cycles throughout the year. This will allow responding more quickly as opportunities arise and to place seeds in people's minds for potential improvements and to provide some measure of assurance to perspective entrepreneurs that are considering making an investment.

With the total budget of \$50,000 and the desire to make a widespread impact, the Division will start small and suggests a minimum award of \$10,000 per property per year unless a higher amount is approved by Council.

The power of the program is equipping the economic development staff with some bait to lure in some new businesses and some influence on nudging existing businesses towards making significant upgrades to their properties. They will have a menu of incentives to offer albeit small but that can open the door to conversation leading to a larger project.

Mr. McLachlan stated that the Division is not talking about major corporations rather small businesses.

Council Member Ash asked what \$10,000 could do for a business owner in the target area. Mr. McLachlan stated that it could be signage, ADA improvements, landscaping, public art and upgrades to the interior infrastructure of the building and etc.

Another important provision is that the application must be approved prior to work commencing and the Division recommends against funding projects on a retroactive basis. The applicant will need to submit at least two bids or certified cost estimates. The work must be done by a professionally registered and licensed contractor in compliance with applicable building codes and architectural design guidelines. The applicant will be reimbursed after the project is completed pursuant to an approved scope of work and upon providing cancelled checks or other proof of payment to match up with the contractor invoices.

A map was displayed with the proposed target area boundaries that largely coincide with the General Commercial Zoning District Boundaries stretching from Coronado to BST, Denman Avenue to just below Wilcox including the Garden Avenue Business District. The target area covers 409 acres equating to 4.6 square miles and encompasses the historic heart of Sierra Vista with ADA properties that are fifty or more years old. The average building was constructed when Jimmy Carter was elected 40 years ago and many are in need of major repairs and upgrades.

As the low rent district of Sierra Vista, they are small budget mom and pop startup businesses that tend to gravitate to this area that is in need of funding assistance. The Program can help fill that gap.

Categories of Funding:

- Permit Fee Reduction

The Division is recommending a fifty percent reduction consistent with the City's infill incentive district policy with a \$5,000 cap. To reach that amount, they are looking at 8,000 square feet of new construction in a commercial building.

Council Member Gray asked if the permit fee reduction is coming out of the \$50,000 amount. Mr. McLachlan stated that the City will essentially be paying themselves back. Mr. Potucek added that in order to be consistent with the development fee program; the City should pay it back.

- Site Clearance

Mr. McLachlan added that in a redevelopment scenario, the program can also cover the cost of demolition and site clearance. The Division is recommending a grant of up to \$10,000 to be paid out upon a certificate of occupancy being issued for new construction, which must exceed 20 times their requested grant amount.

- Exterior Building Improvements

The component is mostly aligned with store front improvement program objectives, providing funding for building façade improvements facing a public street that can include painting, awnings, decorative lighting, window replacement and architectural features. The project should include multiple elements to make a significant visual impact and this is a 50/50 grant up to \$5,000 per street frontage so corner lots can potentially apply for \$10,000.

A slide was shown illustrating a former job where a paint and body shop was converted into a microbrewery. The renovation was partially funded by using a grant program very similar to what is being proposed. The slide was displayed to illustrate what is possible reimagining an ordinary building that is not too dissimilar to what is seen in Sierra Vista.

- Interior Building Improvements

Also eligible for consideration are interior building improvements to existing buildings that are 25 years or older. These are typically code related and involve the installation replacement of mechanical plumbing, electrical systems, fire suppression, doors, flooring, attached fixtures, grease traps and etc. The Division is recommending funding 25 percent of the eligible project cost not to exceed \$5,000.

- Signage

One of the startup costs for new businesses that they often struggle with is quality signage and staff is recommending a grant contribution of 25 percent for new signage and 50 percent for replacing existing nonconforming signage up \$2,500 per business establishment.

- ADA Improvements

One of the most common code deficiencies for older buildings is providing for accessibility to and within the building. Staff is recommending that the Program pick up 75 percent of the cost up to \$2,500.

- Public art/murals

There are a lot of blank walls in Sierra Vista that would make good canvass for public art to add visual interest to the streetscape. Staff recommends that the Program fund 75 percent of the cost up to \$2,500 per front façade or yard. This could include sculpture or some other approved art installation.

Mayor Mueller asked who does the approvals. Mr. McLachlan stated that currently as proposed, it would be staff; but he can envision this going through the Arts and Humanities Commission as this would not be a time sensitive improvement.

- Landscape

There are a lot of front yards in the business district that are paved property line to property line that predate minimum landscape code requirements. This category provided 25 percent contribution towards the cost of drought tolerant landscaping in a front yard setback. The grant is not to exceed \$2,500 to enhance curb appeal.

- Dumpster enclosure

Unightly dumpsters can negatively impact the appearance of property. Recommended is 50 percent of the cost of installing a dumpster enclosure compliant with City Code specifications and not to exceed \$1,500.

Council Member Gray asked about the process regarding percentages, pricing and caps. Mr. McLachlan stated that the recommendations are largely modeled after previous programs that he developed, which are stackable. A combination of things can be done up to \$10,000 as it provides the menu of options that seek to facilitate the occupation of existing buildings and the upgrade of the exterior that provide a public benefit.

Mr. McLachlan stated that the 75 percent for public murals is calibrated to promote public art and it is not something that owners need to start up a business. To incentivize it, there has to be a higher ratio thereby dropping the matching requirements. If dumpsters are requirements of Council, the threshold could be recalibrated.

Program administration options were created with guidance from the City Attorney:

- Option 1, Expenditures for economic development method documents under ARS 9-500.11(A)

This can be utilized for economic development activities connected with improvement, redevelopment, leasing or conveyance of improved or unimproved real property that will assist in the creation or retention of jobs or otherwise improve or enhance the economic welfare of the inhabitants of the City.

The reservation and proceeding under this Statute is a gift clause and that was at the center of the Turken v. Gordon Case that made its way to up the State Supreme Court. There the court determined that the public entity enters into a contract with a private entity including economic incentives. The City needs to receive some tangible objectively measured benefit that is commensurate with public expenditure or it may be considered a forbidden subsidy in violation of the Gift Clause.

Mr. McLachlan stated that Option One is not recommended as a course of action.

Council Member Mount asked if tracking economic development metrics helps with Option One because there will be actual files with metrics showing that this is working. Mr. Williams stated it might be and added that it depends. Turken v. Gordon actually reversed the practice that had been in place for decades where cities and towns would grant certain assistance and provide funding for a project with the hope and with the expectation that over 10, 15 or 20 years, they would recoup that plus increased jobs and increase tax revenues.

If those metrics are based on future revenue gains, then *Turken v. Gordon* would probably say that it violates the Gift Clause. However, if the City can say that this expenditure resulted in an equal to or greater than return within a year or two, then *Turken v. Gordon* would probably be satisfied and no Gift Clause concerns would be raised.

Mr. Williams also explained that the reason that he opined that this is probably not the best way to go is because they will run into some of the *Turken v. Gordon* gray area matters that could subject the City to litigation and drag the expenditures through the courts even though, obsessively through ARS 9500.11 the City does have the authority to make these expenditures. *Turken v. Gordon* is always going to be there as a specter with the possibility of the City running into Gift Clause issues.

- Option 2, Slum Clearance and redevelopment method, ARS 36-1471

The Statute states that in the event that any law may be inconsistent with the statutory provisions concerning slum clearance and redevelopment, the slum clearance and redevelopment statute shall be controlling, which allows for a municipality to expend public funds that may be otherwise prohibitive by the Arizona Gift Clause. The nature and extent of the powers granted under this Act would be controlled by Council and could include the allocating of funds to redevelop real property, acquiring and disposing of property including the exercise of eminent domain and preparing and carrying out a redevelopment plan for public uses.

Contemplated and very narrow in scope is using a public private partnership model and primarily focusing on promoting the rehabilitation and improvement of existing buildings.

If Council decides to travel down this road, the City would need to adopt by resolution by a 2/3 votes that the target area meets the required slum and blight conditions upon notifying affected property owners and holding a public meeting concerning the findings. The term slum and blight has been in use since the early part of the last century starting with the Urban Renewal Movement as the idea is premised upon clearing and rebuilding areas of the City viewed as negatively contributing to society. Most state legislators have enacted statutes that permit governmental entities to redevelop blighted areas and in many states these statutes are broadly written to the point where almost any place can be qualified as slum and blight.

Mr. McLachlan noted that he started his career setting up tax income refining districts in northern part of Michigan, which is extremely rural and he was able to qualify a corn field area as a downtown redevelopment area because the taxable values were lower for that area relative to the county as a whole. It is simply a mechanism by which the community could finance necessary infrastructure improvements to attract commercial development. He added that he has also seen redevelopment statutes exercise affluent communities with mild deterioration as a funding source improving a community's central business district. West Palm Beach and Naples both have established community development areas and there is a lot of discretion when evaluating these criteria.

Under Arizona Statute the terms mean that a slum area is a preponderance of buildings or improvements that are dilapidated, deteriorated, aging or obsolescent. This is essentially the same find that Council reached when acting the infill incentive district for the west end.

Blighted area is easier to qualify and it only needs to meet one of nine conditions such as faulty layout, lot layout, diversity of ownership and in general deterioration. There does not have to be a finding of slum and blight, just slum or blight.

Mr. McLachlan suggested that the path to follow should be the blight criteria and the option would be conducted by existing staff.

One of the benefits of going through this exercise is that the criteria overlaps to a certain degree with the federal statutes on designating slum and blight areas, which can make the targeted area eligible for Community Development Block Grant funds currently devoted to the City's low to moderate income census tracts.

- Process

If Council decides on this path, staff will need a couple of months to prepare the blight study and schedule the required public hearings upon which the City would consider the resolution establishing a finding of necessity and once declared, the staff would move to prepare a redevelopment plan for the rehabilitation and future use of the redevelopment project area providing the partnership program for Council's approval/consideration. Staff believes that these steps can be accomplished by the end of the year.

The primary benefit of this approach is that it provides the City with a legal avenue for the City to implement the partnership program and also allows the staff controls on marketing and administration to reach the targeted audience. It opens the door for the City to supplant the use of general funds and CDBG dollars in the future or to use CDBG dollars to fund infrastructure improvements along North Garden and Fry Boulevard. CDBG also has a long guarantee program by which the City can finance the cost of major capital projects over a 20-year payback period. Designation may also help the City to procure other grants slated for redevelopment areas.

The cons are public perception concerns over the slum and or blight designation and it may also raise concern over the use of eminent domain, which has never been exercised or contemplated over the City's 60 year history.

Council Member Mount asked if the City could self regulate with regard to eminent domain by simply stating that the City will not use eminent domain during the course of the project. City Attorney Williams stated that the fact that an area has been designated as a redevelopment area does not require the City to use the power of eminent domain. Most cities may not want to do that; but it gives cities that authority to do that if necessary to take properties that have been deteriorated, dilapidated and rundown. The City or town could take those under the public domain and the redevelopment statutes are so broad that it would even allow a city or town to sell those properties to a private developer for redevelopment if they thought it was appropriate.

The power of eminent domain does not have to be used as the City could say that it is not its expectation or anticipation that they will use the power of eminent domain. This is more to provide a funding mechanism for improving existing properties and infrastructure.

Council Member Mount asked again if Council could issue a statement. Mr. Williams stated that they can.

Mayor Mueller stated that it is a great question and noted that Council needs to be aware that if a property owner may be upset when they find out that Council decided that the area where they own a building is now in a slum or blighted area and they believe that it is not. Slum and blight are two words that Council needs to make sure, if they choose to go down this road, that people understand that it is a redevelopment area and it is a requirement for the City to declare it as such under Arizona Law to be able to do the right thing to get it fixed. There is a PR component to this as well because any city could tell people not to go to Sierra Vista because the whole downtown is blighted and a slum.

Council Member Mount asked if those designations were already made for CDBG. Mr. McLachlan stated that the City did for the Urban Infill Incentive District. Mayor Mueller added that there were four small areas across the City that were designated. The difference is that being considered is the entire business district and there may be different attitudes. He also pointed out that Council needs to be cautious before proceeding with this option.

Council Member Gray stated that she agrees and as a Council Member, it is their job to think long term about the benefit of the City. This is something that strongly needs to be considered because blighted does not mean that Council believes that an area is horrible or bad. She noted that she came from Mississippi and they did the same exact thing. They have a very vibrant downtown now and they did this method to do it with and used the Section 108 funds for the CDBG.

Mr. McLachlan stated that it is an area for operating potential by virtue of being the oldest part of town. There is going to be aging and deterioration.

Council Member Mount stated that he grew up in the heights of Houston, which was the most inner city part thought of and it is beautiful now.

Council Member Huisking asked about the negatives. Mr. McLachlan stated that the negatives on Option 2 were public perception concerns, the politics and the eminent domain, which can be relayed through policy in the redevelopment plan according to the city attorney. The cons or the drawbacks can be overcome.

City Attorney Williams stated that the Arizona Legislature very wisely did not call this slum and blight redevelopment, it just states redevelopment areas and that is where the City needs to focus on. These are redevelopment statutes and not slum and blight statutes. Mr. McLachlan added that it is a precursor to establishing a redevelopment area.

Mr. Potucek stated that an excellent example of one of the problems that the City ran into in these areas, when folks complained about drainage on the west side, was that a lot of the water that is accumulated there is from roof top runoff and there are no gutters to convey the water away from the area that was being flooded. The City could not put money towards private property and in this case, if that is identified as a potential project that can be shared with the property owner, then the City might be able to address the situation more effectively.

- Third Option – hire a third party, nonprofit entity to administer the program subject to the City's guidance.

The benefit to this approach is that it is quicker to accomplish and also escapes the legal concerns of the Gift Clause. The negatives are possible loss of control and the cost of a nonprofit entity to administer the program.

Council Members Mount, Gray and Huisking stated that they are in favor of Option two. Mayor Mueller stated that there is consensus of Council for Mr. McLachlan to go ahead and develop a program under Option Two and asked when it would be anticipated for the program to come back for Council to discuss. Mr. McLachlan stated that the blight study would take about two months and he anticipates that it would be the first meeting in November.

Council Member Gray asked if public meetings will be conducted during the blight study. Mr. McLachlan stated that it is a technical analysis and there is public notification required to present findings at a public meeting before the resolution is voted on.

Council Member Calhoun asked if the area went all the way to Coronado. Mr. McLachlan stated that it does extend beyond the historic limits of the west end and that is why it is being called the West Sierra Vista.

Council Member Gray asked if that was done due to the consistent age of the buildings in the area. Mr. McLachlan stated that she is correct. Mr. Potucek stated that if other statistics are overlaid on the map of the area, i.e., crime, there are parallels.

Council Member Calhoun asked about fixing Fry Boulevard and its street numbering. Mayor Mueller stated that to do that staff would have to redo all of the numbers of buildings and all of the addresses at the post office would also need to be redone and it becomes a bureaucratic nightmare.

Council Member Mount thanked staff for their hard work and added that she hopes that in a couple of months that Ms. McFarland and Ms. Hector have weapons that they can use to get some of these problems solved.

D. Report on Recent Trips, Meetings and Future Meetings

Mayor Mueller stated that they had a great trip to Cananea, announced a special meeting regarding the city manager's evaluation and added that he has the blank performance evaluations if any of the Council Members need one. There will be two meetings, the first is a report from the City Manager for Council to take that information and evaluate. Once that is done, he will compile the information in preparation for the second meeting, which is where Council discusses with the City Manager his strengths, weaknesses and what Council expects for the next rating period.

Council Member Calhoun asked if there is a meeting on September 12th. Mayor Mueller explained that it is the Special Meeting to evaluate the City Manager and to canvass the election as well.

E. Board and Commission Liaison Update – nothing to report.

F. Future Discussion Items and Council Requests


Ms. Jacobs announced that the Procurement Code review will be on the first work session in October. Mr. Potucek stated that staff is in the process of doing an overhaul of the personnel rules and regulations as they have been revised many times; but a full revision has not been done and staff hopes to have that done by December.

Council Member Calhoun stated that she recently read about new folks that work for corporations and cities and how their expectations are different than those of the past. She

asked if Human Resources looks at that as new procedures are being looked at. Mr. Potucek stated that when staff goes to a conference it is a big topic of discussion in terms of different generations and expectations and retaining qualified employees. There is a lot of talk about flexible work schedules, working from home and a lot of different types of things and the City has to way that out with its primary mission, which is to serve the public.

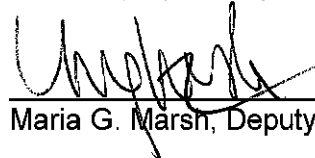
3. Adjourn

Mayor Mueller adjourned the work session at 5:25 p.m.



Mayor Frederick W. Mueller

Minutes prepared by:



Maria G. Marsh, Deputy Clerk

Attest:



Jill Adams, City Clerk

Economic Development

2016
2017
2018

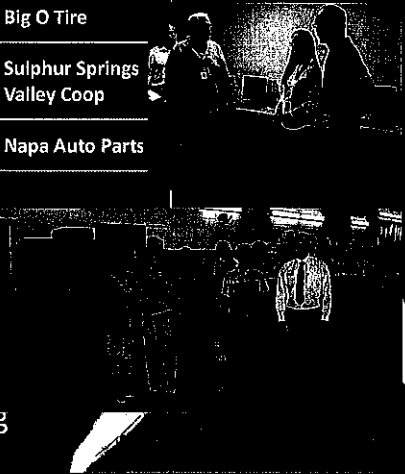
- What has been accomplished since 6.7.16?
- Where are we going?
- Future council input and action

Retention

- 18 Mayor's Business Visits

Sierra Vista Mall	Allsource Global Management	American Southwest Credit Union	Marriott International
ACE Hardware	Canyon Vista Medical Center	Sierra Toyota	Big O Tire
Mr. Fix It	Chiricahua Community Health Centers, Inc	Sierra Remodeling	Sulphur Springs Valley Coop
Northrop Grumman	Monty's Motors	Gateway Studios Hotel	Napa Auto Parts
ManTech International Corp.	Teleperformance		

- Shop Local Efforts
- Increased relationships & Communication
- Greater product understanding



Business of the Month

Hoppin' Grapes	Tony's Board Shop	Landmark Cafe	Nova Home Loans
Sun 'N Spokes	M&M Cycling	Bati' Mamselle Boutique	The Bread Basket



Anthony Goodnough & Family
Tony's Board Shop

Business Walks

138 Businesses

Business Walk Jan-July 2016 102 Surveys	Areas of Needed Assistance
Marketing	66
Access to low interest loans	60
Grants	57
Infrastructure Assistance (Drainage, Roads, Parking lots)	56
Business Training	54
Labor Force Training	41

- 33 out of 102 businesses indicated finding and keeping qualified employees is a problem
- The same amount said Money is their biggest issue, specifically cash flow
- 38 of the firms surveyed indicated they are/were hiring either at the time for the survey or in the near future.

Ombudsman Activities

July 2016 Ombudsman Activities	Number of Business Contacts
Partner Referrals	29
SBDC	6
EDF Loan Program	0
Chambers	15
ED Website	8
Workforce Development	5
Marketing / Advertising	8
Education	2
Finance / Capital	0
Site Selection	0
Ombudsman Consultations	8
Total	52

Initiatives

- **Cyber**
 - Center of Academic Excellence in Cyber Operations
 - Defense & Security Research Institute
 - Mesa Cyber Range
- **SV Leadership Forum-ED Advisory Group**
 - Millennial Involvement
 - West End
 - Events
 - Promotion
 - Training: High Intensity Drug Trafficking Area Program (HIDTA) September and December
 - Expansion
- **Defense Contractors**

Initiatives

- **Office of Economic Adjustment Grant**
- **Lead Development**
 - Marketing & Outreach
 - AZ Tech Council-CEO Forum
 - NAIOP



Partnerships

- Good Morning Sierra Vista
 - October 6: Congresswoman Martha McSally
- Neighborhood Assistance Corporation of America (NACA)
- Welcome Committee



Rapid Response Workforce Assistance

- Hastings 23 of 25 new jobs
 - Game Stop
 - Dillards
 - Payless Shoes
 - Ross

Arizona @ Work

Cochise Graham Greenlee

Losses

- Kings Court

Achievements

- Peacock
- Horned Toad
- Broxton's Coffee
- Leman Academy of Excellence
- Council Support of Achievements

Metrics

These are interactions in which the Economic Development Division had direct involvement and do not reflect all of the development that has occurred within the city.

Segment	Metric	FY 15/16 (as of 5/1/16)	Goal FY16/17	Current	Notes
Awareness/ Promotion	Website Visits (launched 7/7/15)	3,215 (1)	5,000	855* (7/1-8/29)	Missing some of the numbers for July due to Analytics reporting issue.
	Mayor's Business Visits	8	24	5 (7/1-8/29)	
	Business Contacted During				
	Business Walks	91	240	45 (7/1-8/29)	
	Council Recognitions	3	12	2 (7/1-8/29)	
Retention/ Entrepreneurs hip	Small Business Ombudsman Consultations	52	150	8 (7/1-7/30)	
	Small Business Action Items completed by ED Division (2)	23	50	18 (7/1-8/29)	
	Partner Referrals	84 (3)	160	52 (7/1-7/30)	
	Number of Businesses Directly Retained	1	3	2 (7/1-8/29)	Peacock / Broxton's

Metrics

These are interactions in which the Economic Development Division had direct involvement and do not reflect all of the development that has occurred within the city.

Segment	Metric	FY 15/16 (as of 5/1/16)	Goal FY16/17	Current	Notes
City Involved Attraction	Number of Inquiries	10 (4)	48	5 (7/1-8/29)	
	Number of Businesses Recruited	1	2	0	
City Involved Attraction & Retention	Number of FTE Jobs Created & Retained	6	25	8 (7/1-8/29)	
	Capital Investment	TBD	\$500,000	\$75,000 (7/1-8/29)	

(1) Preliminary 7/7/15-5/1/16

(2) These are activities that require internal follow up.

(3) Tracking stats began on 1/1/16

(4) Tracking began in February 2016 – May 1, 2016


Future Efforts

- Consistency of efforts
- Continued identification of opportunities
- Work with partners
- Move initiatives forward


Consistency of efforts, continued identification of opportunities, work with partners, move initiatives forward

Tourism Marketing Update

Visitor Economy Is...

- Outpacing the rest of the economy
 - *Visitor spending up 229% since 1980*
 - *GDP up 77% since 1980*
 - Arizona's #1 industry
 - A catalyst for economic development
 - *Positively impacts Quality of Life factors*
 - *Quality of life scores related to outdoor activities and a vibrant downtown influence site selector decisions*
- 

Tourists Are...

- Potential business leads
 - *Leisure and business travel bring prospects*
 - *Strategic event planning*
 - *Cultural assets impact site selector decisions*
 - Site selectors who are influenced by travel
 - *13% are influenced by leisure travel*
 - *37% are influenced by business travel*
- 



Tourism Marketing Update

- Marketing program strategy
 - Demographics
 - Market segments
 - Media mix
- Metrics
 - Awareness building/Promotion
 - Tax revenue



Demographics

- Age – late 30s to mid-60s
- Average Household Income
 - U.S. - \$110,000/yr
 - Mexico - \$50,000/yr
- Home regions
 - Phoenix Metro
 - Southern California
 - Pacific Northwest
 - Upper Midwest
 - Sonora, MX and Canada

Our demographics coincide with Arizona Office of Tourism demographics, which are determined based on research at the state, and, independently, the county and local levels.

Market Segments

- Primary target segments
 - Bird/wildlife watching ^{2, 3}
 - Bicycling ^{1, 2, 3}
 - Hiking ^{1, 2, 3}
 - Culinary ^{1, 2, 3}
 - Winter visitors ^{1, 2, 3}
- Secondary target segments
 - Auto/motorcycle touring ³
 - Sonora, Mexico (shopping) ^{2, 3}
 - Astronomers ²
 - Wellness ¹
 - Heritage ^{1, 3}

1. Market segments targeted by AOI
2. Market segments targeted by Tucson
3. Market segments targeted by CCIC

Media Mix

- Layered messaging saturates markets
- Reaches different and cross-over audiences



Media Mix Includes...

- Print (ads and collateral)
- Broadcast (Pandora)
- Online (banner ads, keyword searches)
- Social media channels (ours, CCTC, AOT)
- eNewsletter
- Out of home
- Networking and partnerships
- Public relations
 - Attend media events
 - Work with travel writers
 - Consumer and industry trade shows

Metrics

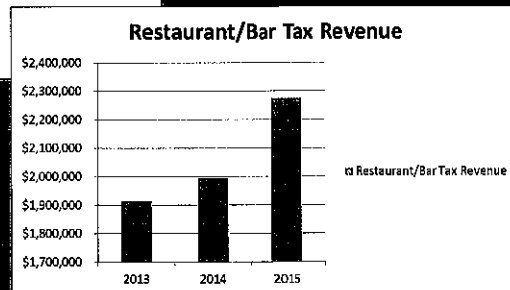
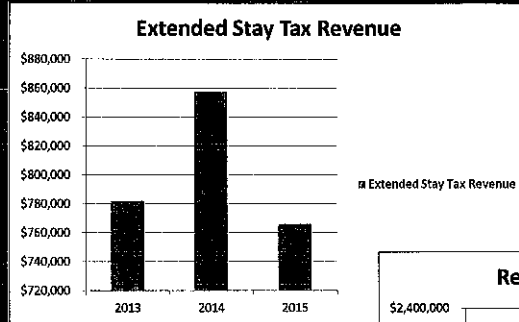
- Awareness/Promotion
 - Website visits (*VisitSierraVista.com*)
 - Facebook total reach (*VisitSierraVista*)
 - Advertising total exposure
 - Visitor Center contacts
 - Adventure Guide, total distribution
- Return on Investment
 - Extended Stay (“hotel”) tax revenue
 - Restaurant/Bar tax revenue

Metrics

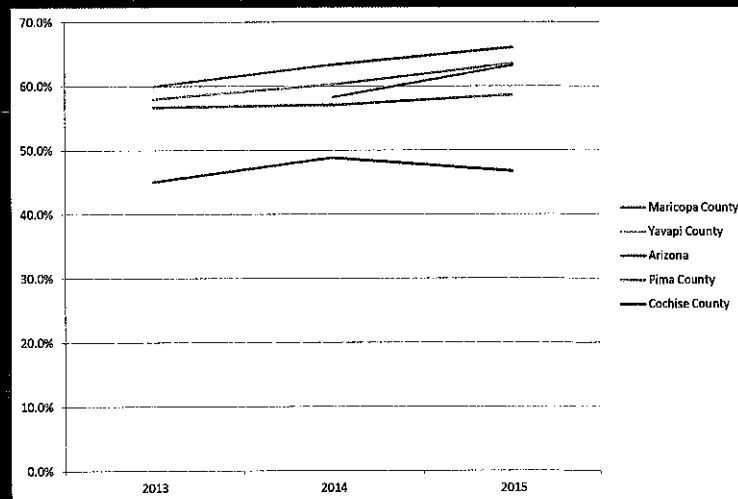
Metric	FY13/14	FY14/15	FY15/16
Awareness/Promotion			
Website visits	Data not available	672,270	813,100
Facebook, total reach	N/A	644,236	615,627
Advertising, total exposure	5,195,897	10,626,597	8,645,428
Visitor Center, total contacts	7,757	7,873	7,515
Adventure Guide distribution	N/A	35,382	24,782
Total	5,203,654	11,986,358	10,106,452
Return on Investment			
Hotel tax revenue	\$759,868	\$864,632	\$857,956
Restaurant/Bar tax revenue	\$1,916,690	\$1,997,722	\$2,276,470

For example, Hotel tax totals \$795,340; Restaurant, Bar tax totals \$2,276,470.

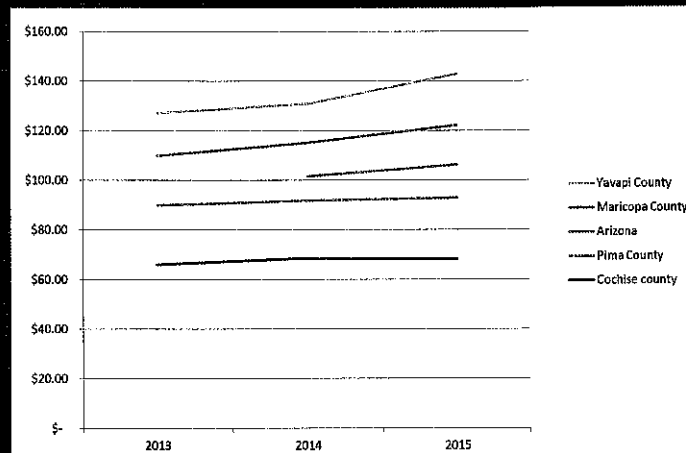
Sierra Vista Data



Occupancy



Average Daily Rate



Summary of Activities

- Vancouver media mission
- Launched “Bike-Friendly Business” program
- Final stages of Mountain Bike & Trails Map
- Successfully recruited the 2017 Arizona Sister Cities Conference
- Ad placements in...
 - Adventure Outdoors
 - El Imparcial
 - AAA Westways
 - Phoenix Light rail wrap
 - Phoenix Magazine
 - ... and others

**Bike-Friendly
Business**



Focus for Upcoming Quarter

- Mexico Media Mission
- “Savor Sierra Vista” marketing plan
- Expand media focus on
 - Winter visitors
 - Promotion of upcoming local events
 - Launching ads in SW markets
- Development of new VisitSierraVista.com site
- Establish drip marketing process





Sierra Vista City Council
Meeting Agenda
September 8, 2016

Call to Order

5:00 p.m., City Hall Council Chambers, 1011 N. Coronado Drive, Sierra Vista, Arizona

Roll Call

Invocation

Pledge of Allegiance

Item 1 Acceptance of the Agenda

City Manager's Report: Upcoming Meetings, Bid Openings and Bid Awards

Item 2 Consent Agenda

Item 2.1 Approval of the City Council Meeting Minutes of August 11, 2016

Item 2.2 Resolution 2016-064, Special Event Liquor License for Derek McKinley on behalf of the Directorate of Family, Moral, Welfare and Recreation (DFMWR) for the Fun Festival, September 23 and 24, 2016 at Veterans' Memorial Park, 3105 E. Fry Blvd, Sierra Vista, Arizona

Item 2.3 Resolution 2016-065, Fair/Festival License Application for Rhona MacMillan on behalf of Zarpara Vineyard to sell wine at the Farmers' Market on October 20, November 17 and December 15, 2016

Item 2.4 Resolution 2016-074, Special Event Liquor License for Eric J. Potvin on behalf of the Sierra Vista Firefighters Charities for October 1 and 2, 2016 at Veterans' Memorial Park, 3105 E. Fry Blvd, Sierra Vista, Arizona

New Business

Item 3 Resolution 2016-066, approval of the Arizona Child Abduction Response Team Intergovernmental Agreement

Item 4 Resolution 2016-067, Tasking the Citizens Advisory Commission with Reviewing Boards and Commissions Not Protected by State Statute and making recommendations to the City Council on Structure, Operations, Mission or Appointment Changes

Item 5 Resolution 2016-068, Appointment of Savannah Carter to the Sierra Vista Youth Commission, said term to expire July 9, 2018

Item 6 Resolution 2016-069, Reappointment of Darnell Rambert, James Short, and John Voishan and Appointment of Jake Pacheco to the Airport Commission, said terms to expire October 12, 2018

For special needs and accommodations, please contact Jenifer Thornton, Management Analyst, Department of Community Development, 72 hours prior to the meeting or activity. Ms. Thornton can be reached at (520) 458-3315 or through the Arizona Relay Service at 1-800-367-8939, or by simply dialing 7-1-1.

Item 7 Resolution 2016-070, West End Commission appointments, said terms to expire October 9, 2018

Item 8 Resolution 2016-071, Accepting with regret the resignation of Ken Cecil and appointing Bernie Stalman to the Citizens' Advisory Commission

Item 9 Resolution 2016-072, Reappointment of Dennis Dezalan to the Municipal Property Corporation Board of Directors, said term to expire September 11, 2019


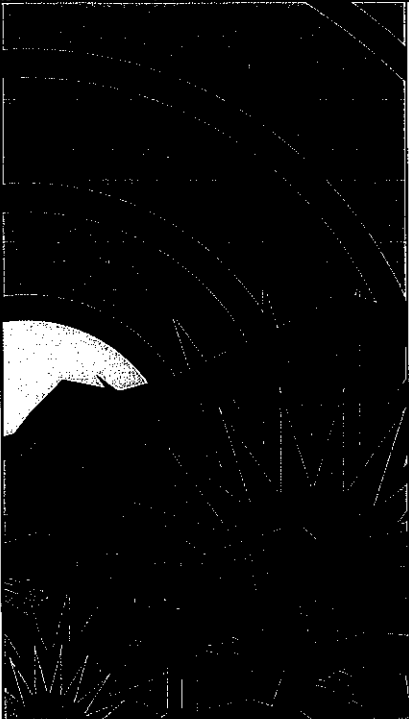
Item 10 Resolution 2016-073, Reappointing to the Parks and Recreation Commission Wesley Hewitt and Joy Mims, said terms to expire November 20, 2018 and Scott Weiss, said term to expire November 20, 2017

Call to the Public

Comments and Requests of the Council

Adjournment

For special needs and accommodations, please contact Jenifer Thornton, Management Analyst, Department of Community Development, 72 hours prior to the meeting or activity. Ms. Thornton can be reached at (520) 458-3315 or through the Arizona Relay Service at 1-800-367-8939, or by simply dialing 7-1-1.



Sierra Vista

DRAFT OVERVIEW:

**WEST SIERRA VISTA
PARTNERSHIP PROGRAM**

**City Council Work Session
September 6, 2016**

PRESENTATION AGENDA

- ❖ **Program Background**
- ❖ **Program Objectives**
- ❖ **Funding Considerations**
- ❖ **Grant Requirements**
- ❖ **Proposed Project Boundaries**
- ❖ **Recommended Funding Categories and Amounts**
- ❖ **Options for Program Administration**

PROGRAM BACKGROUND

- *"Sierra Vista has but a single community goal – to become a pleasant, attractive and satisfying place to live, and a profitable place to do business. The most immediate step toward this all-encompassing goal is the development of a more progressive and dynamic community image." (1965 Sierra Vista General Plan)*
- *"Fry Boulevard is the most serious concern and most obvious prospect for redevelopment and improvement in West Sierra Vista. Fry Boulevard's appearance resembles the typical 1950s linear "strip" development, void of articulated facades and pedestrian amenities." (2000 West Sierra Vista Master Plan)*
- *"Seek funding to initiate a storefront improvement program and continue supporting existing efforts currently underway" (1998 Strategic Planning Goal adopted by Downtown Neighborhood Commission)*

PROGRAM BACKGROUND

- ❖ With the FY 16/17 Budget, Council allocated \$50,000 toward an economic assistance fund to incentivize the occupation and improvement of existing commercial buildings.
- ❖ Staff reviewed program administration options with City Attorney
- ❖ Directed staff to create a program and offer implementation ideas to Council

PROGRAM OBJECTIVES

- ❖ Encourage, promote, and facilitate private sector reinvestment and beneficial reuse of commercial building stock.
- ❖ Enhance image of West Sierra Vista through upgrades to storefronts, landscape zones, and public art
- ❖ Increase the viability of outdated buildings by providing financial assistance in modernizing interior spaces to comply with current building codes (ADA, Fire, Electrical, etc.)

FUNDING CONSIDERATIONS

- ❖ Amount of private investment relative to public investment and impact on property tax base
- ❖ Impact on physical and architectural character
- ❖ The degree to which the current or proposed use adds to the vitality of the business mix
- ❖ The number and wage scale of jobs that will result from the economic activity
- ❖ Demonstration that local contractors and suppliers are being used to the maximum extent possible
- ❖ Other measurable public benefit

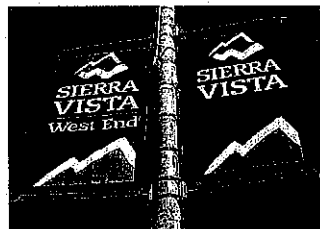
GRANT REQUIREMENTS

- ❖ Property must be: (1) principally used for commercial business; and (2) located in Target Area.
- ❖ Applications reviewed and approved on a first come, first-served basis.
- ❖ Combined grant award (may include multiple categories) shall not exceed \$10,000 per property unless otherwise approved by City Council.
- ❖ No more than one grant per property per fiscal year.
- ❖ Tenant applications must have sign-off from property owner.
- ❖ Application must be approved prior to work commencing.

GRANT REQUIREMENTS (CONT'D)

- ❖ Grants awarded on reimbursement basis only. Cancelled checks (or other proof of payment) and contractor invoices must be provided for verification.
- ❖ At least two bids or certified architectural cost estimate.
- ❖ Work must be done by a professionally registered and licensed contractor in compliance with applicable building codes.
- ❖ Exterior renovations conform to City's architectural design guidelines as determined by Architectural Review Committee.

PROPOSED TARGET AREA BOUNDARIES

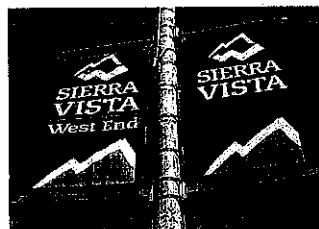
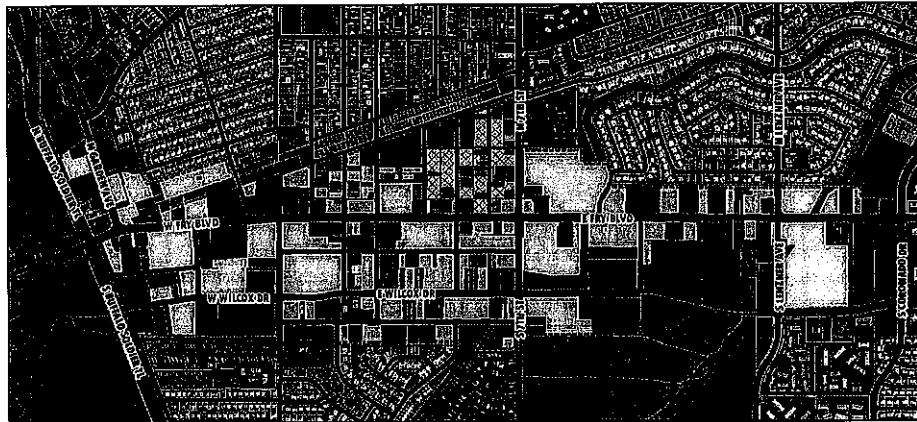


TARGET AREA

404 ACRES +/-
448 PARCELS
77% OF PARCELS ZONED GENERAL COMMERCIAL
MEAN YEAR STRUCTURE BUILT 1977

CITY OF SIERRA VISTA, ARIZONA
WEST SIERRA VISTA PARTNERSHIP PROGRAM

PROPOSED TARGET AREA BOUNDARIES



YEAR STRUCTURE BUILT

1905-1966 (MORE THAN 50 YRS OLD)
1966-1991 (25-50 YRS OLD)
1991-2001 (15-25 YRS OLD)
2001-2016 (LESS THAN 15 YRS)

TARGET AREA

COUNTY ENCLAVE

MEAN AGE:
40 YRS (1976)

CITY OF SIERRA VISTA, ARIZONA
WEST SIERRA VISTA PARTNERSHIP PROGRAM

PERMIT FEE REDUCTION

- ❖ The City may reimburse a property owner for up to 50% required development/building permit fees at the time a Certificate of Occupancy is issued. The maximum permit fee reduction is \$5,000.

SITE CLEARANCE

- ❖ The City may participate in the cost of demolishing dilapidated structures where rehabilitation is cost prohibitive or impractical. The maximum grant amount is **\$10,000** for commercial properties and must be tied to a building permit for new construction with a permit value that exceeds 20 times the requested grant amount. Reimbursement will occur upon a Certificate of Occupancy being issued for the new construction.

EXTERIOR BUILDING IMPROVEMENTS

- ❖ The City may reimburse a property owner for up to 50% for facade improvements per street frontage. Exterior building facade improvements may include such treatments as painting, residing, awnings, decorative lighting, window replacement, and architectural features. Renovation projects should include a combination of elements to make a significant visual impact. (Grant not to exceed \$10,000 per street frontage)



INTERIOR BUILDING IMPROVEMENTS

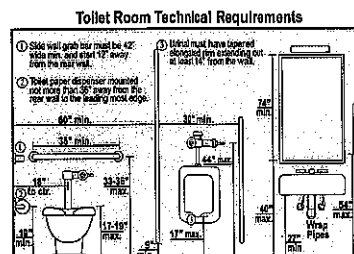
- ❖ The City may provide a grant of up to 25% of the construction costs for interior renovations to commercial buildings that have an effective age of 25 years or more. Normal maintenance or repair work is excluded from consideration. Eligible projects include, but are not limited to: electrical, plumbing, air conditioning/heating, fire suppression systems, windows, doors, flooring, attached fixtures, grease traps etc. (Grant not to exceed \$5,000 per unit)

SIGNAGE

- ❖ **The City may reimburse a property owner for up to 25% of the cost of new business signage or up to 50% of the cost of replacing non-conforming signage. (Grant not to exceed \$2,500 per business)**

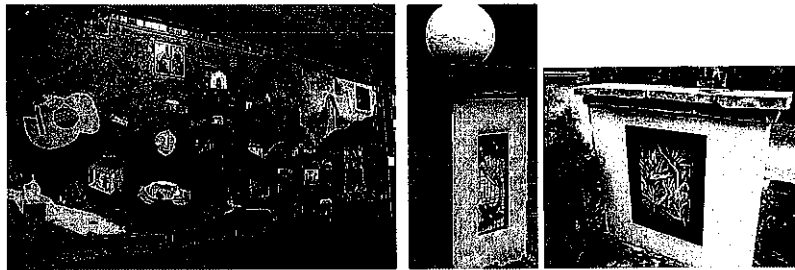
ADA IMPROVEMENTS

- ❖ The City may reimburse a property owner for up to 75% of the cost of installing new ADA access improvements to existing commercial buildings. (Grant not to exceed \$2,500)



PUBLIC ART/MURALS

- ❖ The City may reimburse a non-residential property owner for up to **75%** of the cost of a public art installation or mural placed on a front facade or yard. (Grant not to exceed \$2,500)



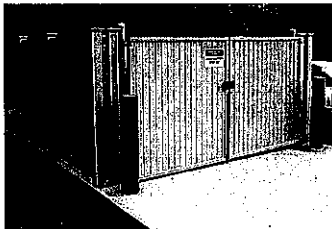
LANDSCAPE

- ❖ The City may reimburse a property owner for up to **25%** of the cost of drought tolerant landscaping in a front yard setback. (Grant not to exceed \$2,500 per street frontage)



DUMSTER ENCLOSURE

- ❖ The City may reimburse a non-residential property owner for up to 50% of the cost of installing a dumpster enclosure compliant with City code specifications. (Grant not to exceed \$1,500)



OPTION 1

**Expenditures for Economic
Development Method
(A.R.S. 9-500.11(A) and (M)(1))**

Legal Aspects

Arizona Revised Statute Sections 9-500.11(A) and (M)(1) offers a mechanism for utilizing public funds for redevelopment purposes, as follows:

(A) In addition to any other powers granted to a city or town, the governing body of a city or town may appropriate and spend public monies for and in connection with ***economic development activities***. . . .

(M)(1) "Economic development activities" means any project, assistance, undertaking, program or study, whether within or outside the boundaries of the city or town, including acquisition, improvement, ***redevelopment***, leasing or conveyance of improved or unimproved real or personal property or other activity, that the governing body of the city or town has found and determined will assist in the creation or retention of jobs or will otherwise improve or enhance the economic welfare of the inhabitants of the city or town. (Emphasis added).

Legal Aspects

- ❖ City Attorney opined that grant funds expended under the provisions of this statute would be subject to greater scrutiny by the courts as a result of *Turken v Gordon*.
- ❖ In that case, the Arizona Supreme Court essentially determined that when a public entity enters a contract with a private entity (including providing economic incentives for construction projects), the most objective and reliable way to determine whether the private party has received a forbidden subsidy is to compare the public expenditure to what the government receives under the contract.
- ❖ The proposed grant program requires the City to receive an objectively similar benefit in return, otherwise the expenditure most likely violates the Gift Clause.

OPTION 2

Slum Clearance & Redevelopment Method A.R.S. 36-1471 et seq.

Legal Requirements

- ❖ Arizona Revised Statutes 36-1471; 36—1472; 36-1476; 36-1488; 36-1491
- ❖ Provides the mechanism through which a city may designate certain areas within the boundaries as slum areas; thereby, allowing allocation of public funds to improve real property located within the designated area.
- ❖ Benefits Include:
 - *Ability to allocate public funds to redevelop real property*
 - *Includes power to acquire property*
 - *Broader capacities to dispose of property*
 - *Allows municipality to use funds for purposes of aiding in the planning, undertaking or carrying out a redevelopment plan*

"any assistance which may be given by any public body in connection with these activities are public uses and purposes for which public money may be expended and the power of eminent domain exercised."

Finding of Necessity

36-1473. FINDING OF NECESSITY BY LOCAL GOVERNING BODY

- A. A municipality shall not exercise any of the powers conferred on municipalities by this article until its local governing body adopts a resolution by a two-thirds vote finding both of the following:
1. *One or more slum or blighted areas exist in the municipality.*
 2. *The redevelopment of that area or areas is necessary in the interest of the public health, safety, morals or welfare of the residents of the municipality.*
- B. A municipality must notify the owner of real property that is within the boundaries of a proposed redevelopment area of the time, date and location of a public meeting concerning the findings. The municipality must provide this notice by first class mail to the address stated on the most recent records of the county assessor.

State Slum & Blight Criteria

"SLUM AREA" means an area in which both of the following are true:

- (a) There is a predominance of buildings or improvements, whether residential or nonresidential.
- (b) The public health, safety or welfare is threatened because of any of the following:
 - (i) *Dilapidated, deteriorated, aging or obsolescent buildings or improvements.*
 - (ii) *The inadequate provision for ventilation, light, air, sanitation or open spaces.*
 - (iii) *Overcrowding.*
 - (iv) *The existence of conditions that endanger life or property by fire and other causes.*

Ref. A.R.S. 36-1471. Definitions

State Slum & Blight Criteria

"BLIGHTED AREA" means an area, other than a slum area, where sound municipal growth and the provision of housing accommodations is substantially retarded or arrested in a predominance of the properties by any of the following:

- (a) A dominance of defective or inadequate street layout.
- (b) Faulty lot layout in relation to size, adequacy, accessibility or usefulness.
- (c) Unsanitary or unsafe conditions.
- (d) Deterioration of site or other improvements.
- (e) Diversity of ownership.
- (f) Tax or special assessment delinquency exceeding the fair value of the land.
- (g) Defective or unusual conditions of title.
- (h) Improper or obsolete subdivision platting.
- (i) The existence of conditions that endanger life or property by fire and other causes.

Ref. A.R.S. 36-1471. Definitions

Federal Slum & Blight Criteria

b) Activities which aid in the prevention or elimination of slums or blight. Activities meeting one or more of the following criteria, in the absence of substantial evidence to the contrary, will be considered to aid in the prevention or elimination of slums or blight:

- (1) Activities to address slums or blight on an area basis. An activity will be considered to address prevention or elimination of slums or blight in an area if:

(i) The area, delineated by the recipient, meets a definition of a slum, blighted, deteriorated or deteriorating area under State or local law;

(ii) The area also meets the conditions in either paragraph (A) or (B):

(A) At least **25 percent** of properties throughout the area experience one or more of the following conditions:

- (1) Physical deterioration of buildings or improvements;
- (2) Abandonment of properties;
- (3) Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;
- (4) Significant declines in property values or abnormally low property values relative to other areas in the community; or
- (5) Known or suspected environmental contamination.

(B) The public improvements throughout the area are in a general state of deterioration.

Ref. 24 CFR 570.208 - Criteria for national objectives.

Process

REQUIRED STEPS

1. Staff prepare slum and blight report documenting existing conditions in the "Proposed Redevelopment Area" and findings relative to legislative criteria.
2. Schedule public hearing on findings and conclusions and send require mail notice to affected real property owners.
3. City Council consider Resolution establishing "Finding of Necessity".
4. Staff prepare Redevelopment Plan for the "rehabilitation or future use of the redevelopment project area" providing for West End Partnership Program.

Summary

PRO'S

1. Legal approach to implement program goals and objectives.
2. Enhanced control of:
 - a) Program marketing (easier to target and adjust using internal resources)
 - b) Program administration (one-stop shop, expedited review via Permitting and ED Staff)
 - c) Flexibility in qualifying grants that don't clearly fit a category but meet program intent.
3. Slum and Blight Area Designation allows the City to apply future Community Development Block Grant funding for eligible projects and activities on a pre-qualified *Area Basis* versus property by property, individually determined *Targeted Basis*. May borrow via Sec. 108 Loan Guarantee Program to increase funding for large scale redevelopment activity.
4. Potential leverage for other grant opportunities in the future.

Summary

CON'S

1. Public perception concerns over "Slum and Blight" designation
2. Fear of Eminent Domain (never exercised in City's 60 year history)

OPTION 3

**Hire Third Party (Non-Profit Entity)
to Administer**

Summary

- ❖ City to provide input and guidance
- ❖ Benefits include:
 - ❖ Quicker to accomplish
 - ❖ No worries about Turken v. Gordon-Gift of public funds
- ❖ Negatives:
 - ❖ Cost to Administer
 - ❖ Possible loss of control

